

SUBJECT: A report and recommendation on the Lease and Operating Agreements with the Cincinnati Center City Development Corporation for Fountain Square and the Fountain Square North Parking Garage.

BACKGROUND:

The Cincinnati Center City Development Corporation (3CDC) was formed as a private nonprofit organization to spur development in Downtown and Over-the-Rhine. One of their three focus areas includes Fountain Square. The 3CDC plan for Fountain Square involves remodeling and upgrading the Fountain Square Garage, redesigning the Fountain Square Plaza, and adding retail tenants to the surrounding storefronts.

To obtain public input, 3CDC conducted 11 public presentations throughout the Cincinnati area.

In order to implement and fund 3CDC's proposed redevelopment of Fountain Square, several agreements are necessary, two of which currently require Planning Commission Approval:

I. The Lease and Operating Agreement for the Fountain Square Plaza (also referred to as the Above Grade Lease, or "Air Rights Agreement") provides the mechanism for the operation of the garage entrance and restaurant pavilion on the Plaza (See Exhibit A). The agreement includes:

- 1) The building footprint area for the restaurant pavilion on top of the garage entrance.
- 2) A nominal annual rent of \$100.
- 3) A term of 50 years.
- 4) The City as the Landlord and 3CDC as the Tenant.
- 5) Giving the tenant authority to delegate/assign its management responsibilities.

II. The Lease and Operating Agreement for the Fountain Square North Parking Garage provides the mechanism for the operation of the Garage (See Exhibit B and C). This agreement includes:

- 1) A one-time \$7.5 million rent payment to the City for the Garage, with additional nominal annual rent of \$100. The \$7.5 million payment will go to the City's Parking Revenue Fund to offset the net cash flow lost from the operation of the Fountain Square North Parking Garage. This is necessary to keep the fund soluble and to maintain the remainder of the parking system.
- 2) A term of 50 years.
- 3) Rate covenants to keep the parking rates below market rate. The initial parking rate schedule is attached to the lease.
- 4) Income from the Garage to support the debt necessary to fund the improvements for both the Garage and the Plaza.
- 5) The City as the Landlord and 3CDC as the Tenant
- 6) Giving the tenant authority to delegate/assign its management responsibilities.

The current zoning designation of the subject property is DD-A (Downtown Development-Downtown Core), which promotes the downtown area as a center for business, communications, office, government, retail and entertainment.

There are currently no active plans that promote an alternative use of the site.

RECOMMENDATION:

Staff of the Department of Community Development and Planning recommends that City Planning Commission take the following action:

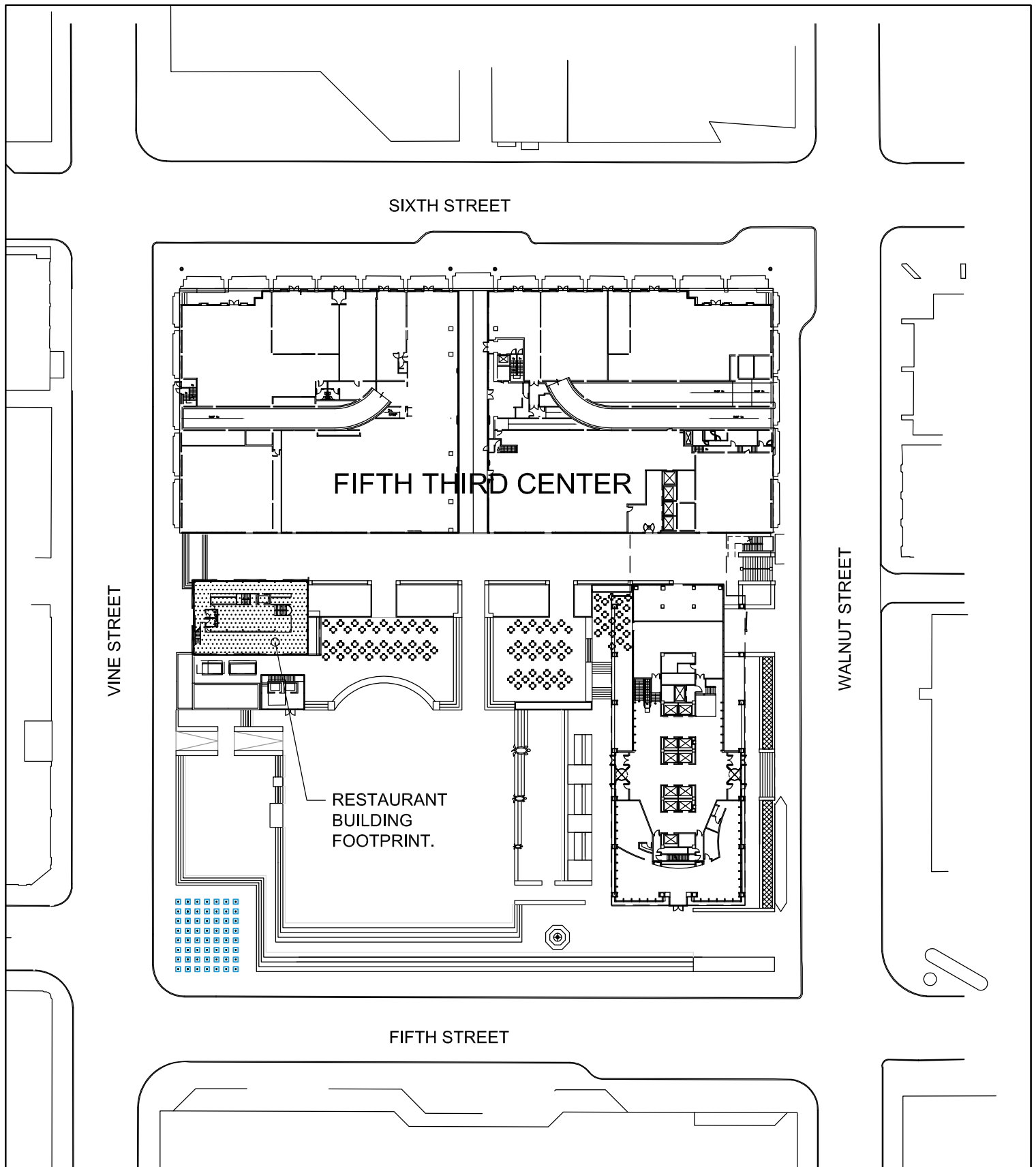
AUTHORIZE the City Manager to enter into and execute two separate Lease and Operating Agreements with the Cincinnati Center City Development Corporation for Fountain Square and the Fountain Square North Parking Garage.

APPROVED:

Respectfully submitted,

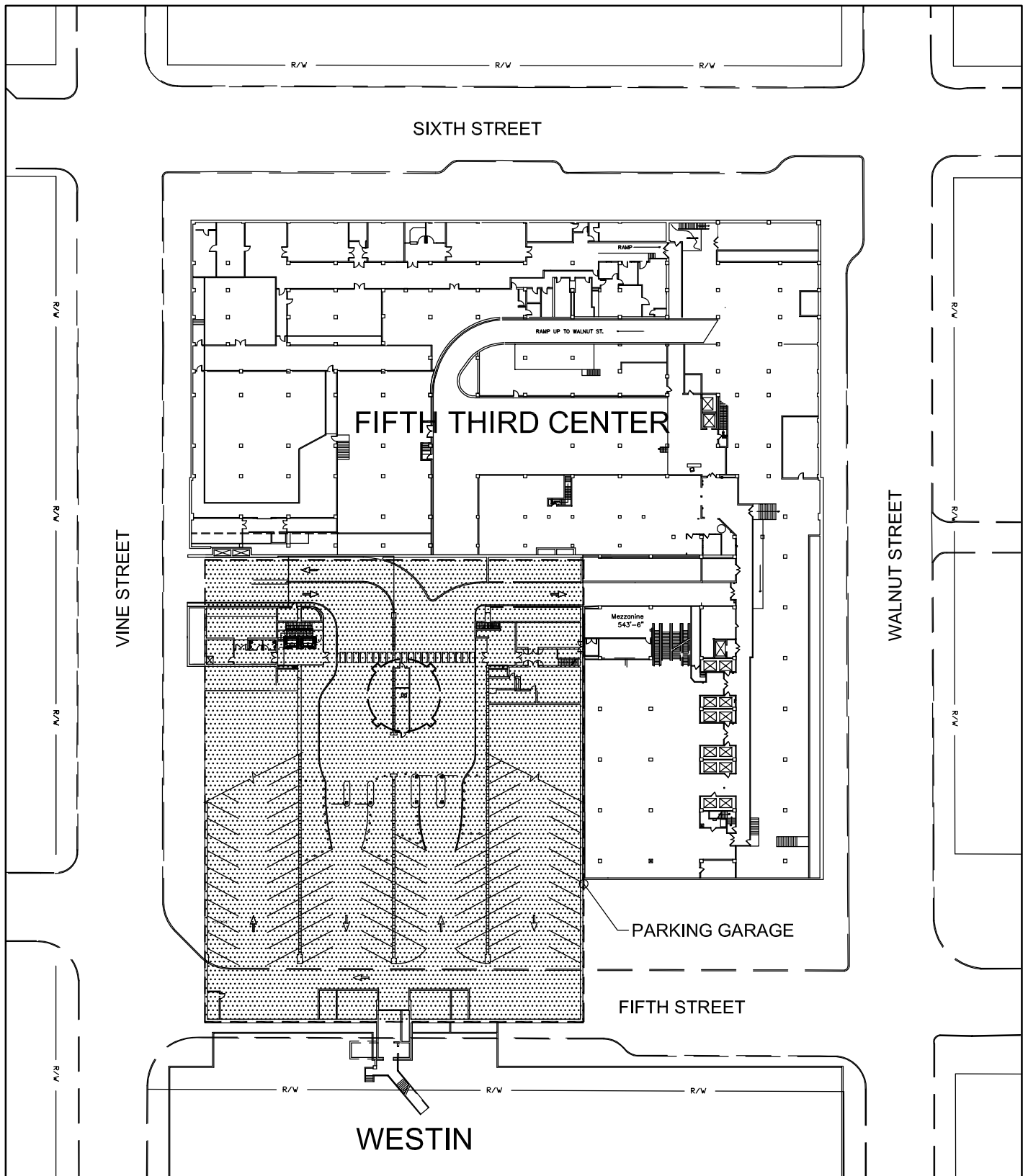
Margaret A. Wuerstle, AICP
Chief Planner

Jennifer Walke
City Planner



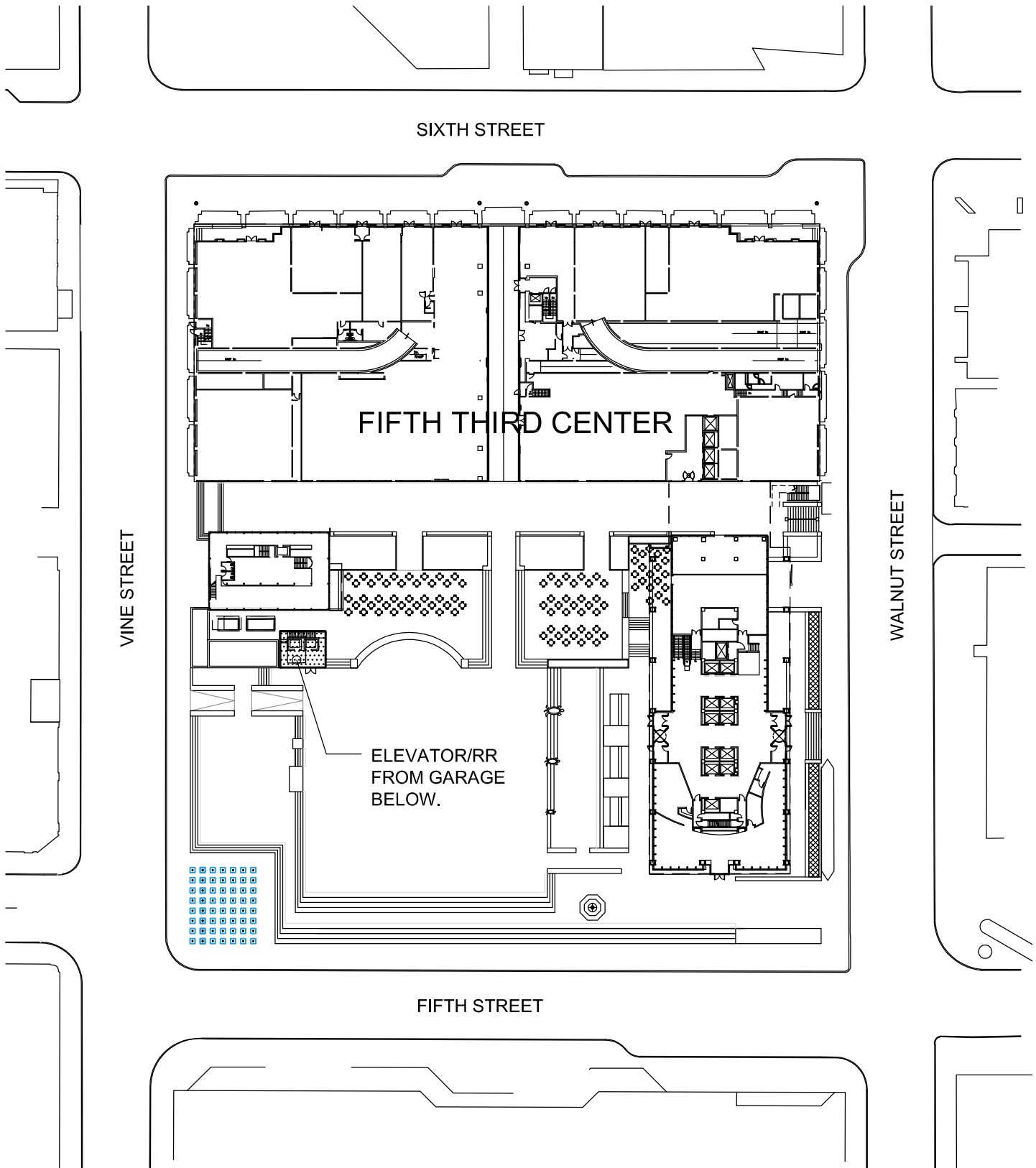
**B - LEASE AND OPERATING AGREEMENT - FOUNTAIN SQUARE ABOVE GRADE
(RESTAURANT BUILDING FOOTPRINT)**

 EXTENT OF LEASIBLE AREA



A1 - LEASE AND OPERATING AGREEMENT - FOUNTAIN SQUARE NORTH PARKING GARAGE (GARAGE LEASE FOOTPRINT)

 EXTENT OF LEASABLE AREA



A2 - LEASE AND OPERATING AGREEMENT - FOUNTAIN SQUARE NORTH PARKING GARAGE (ELEVATOR/RESTROOM LOBBY FOOTPRINT)

 EXTENT OF LEASABLE AREA

SUBJECT: A report and recommendation on the Agreement with the Cincinnati Center City Development Corporation to provide all development management services that may be required by the City of Cincinnati in connection with the redevelopment of the property commonly known as Fountain Square Plaza, notwithstanding the provisions of Chapter 331 of the Cincinnati Municipal Code.

BACKGROUND:

The Cincinnati Center City Development Corporation (3CDC) was formed as a private nonprofit organization to spur development in Downtown and Over-the-Rhine. One of their three focus areas includes Fountain Square. The 3CDC plan for Fountain Square involves remodeling and upgrading the Fountain Square Garage, redesigning the Fountain Square Plaza, and adding retail tenants to the surrounding storefronts.

To obtain public input, 3CDC conducted 11 public presentations throughout the Cincinnati area.

In order to implement and fund 3CDC's proposed redevelopment of Fountain Square, several agreements are necessary. The Management Agreement currently requires Planning Commission Approval:

I. The Management Agreement provides for 3CDC to serve as the Asset Manager of the day-to-day operation and management of Fountain Square. The Management Agreement states that:

- 1) 3CDC will serve in an on-going capacity as the Asset manager of the day-to-day operation and management of Fountain Square
- 2) 3CDC is permitted to subcontract/delegate its duties; 3CDC intends to enter into their own agreement with Downtown Cincinnati, Inc.(DCI).
- 3) The City's current contract with DCI will be terminated.
- 4) City will retain ultimate approval of scope changes/additional capital improvement beyond the initial scope of the project.
- 5) The City will continue to control the permitted functions for Fountain Square.
- 6) The City would pay the Asset Manager \$500,000 annually plus adjustments for Consumer Price Index inflation for the upkeep of the Plaza. This is approximately the amount currently spent on the Plaza by City Facilities, Parks, and Recreation.

The current zoning designation of the subject property is DD-A (Downtown Development-Downtown Core), which promotes the downtown area as a center for business, communications, office, government, retail and entertainment.

There are currently no active plans that promote an alternative use of the site.

RECOMMENDATION:

Staff of the Department of Community Development and Planning recommends that City Planning Commission take the following action:

AUTHORIZE the City Manager to enter into and execute an Agreement with the Cincinnati Center City Development Corporation to provide all development management services that may be required by the City of Cincinnati in connection with Fountain Square Plaza, notwithstanding the provisions of Chapter 331 of the Cincinnati Municipal Code.

APPROVED:

Respectfully submitted,

Margaret A. Wuerstle, AICP
Chief Planner

Jennifer Walke
City Planner